

# Regulations of the State Board of Accountancy Concerning the Experience Requirement for CPA Certification

Section 20-280-24 of the Regulations of Connecticut State Agencies is amended to read as follows:

## **Section 20-280-24. Experience**

**(a) Amount of experience.** An applicant for an initial certificate shall have the following experience:

(1) Three years if the applicant first took the examination required by subsection [(e)] (5) of section 20-281-21 of the regulations of Connecticut State Agencies prior to January 1, 2000 and possesses the educational qualifications set forth in section 20-280-23 of the regulations of Connecticut State Agencies but does not possess the educational qualifications set forth in section 20-280-22 of the regulations of Connecticut State Agencies..

(2) In all other cases, two years.

**(b) When experience can be obtained.** For experience to be credited toward the satisfaction of the requirements of this section, such experience shall have been obtained no earlier than 10 years prior to the date of receipt by the Connecticut Board of Accountancy (“The Board”) of a complete application for initial certification.

**(c) Verification of Experience**

(1) For experience to be credited toward the satisfaction of the requirements of this section, such experience shall be verified, in such form as the Board may require, by a person acting in one of the following capacities in relation to the applicant:

(A) As a supervising certified public accountant holding a valid certified public accountant certificate for no less than three years prior to the verification of such experience;

(B) [ As a supervising public accountant holding a public accountant license for no less than 3 years prior to the verification of such experience;]

(C) As human resources personnel, at the direction of a supervising certified public accountant holding a valid certified public accountant [license] CERTIFICATE for no less than 3 years prior to verifying such experience; OR

[(D) As human resources personnel at the direction of a supervising public accountant holding a valid public accountant license for no less than 3 years prior to verifying such experience; or

(E)] As an Auditor of Public Accounts for the State of Connecticut for an applicant whose experience was obtained, in whole or in part, while employed by the Office of the Auditors of Public Accounts if no one who had held a certified public accountant license or a public accountant license for three years was in a supervisory capacity over said applicant.

**(2) FOR EXPERIENCE TO BE CREDITED TOWARD THE SATISFACTION OF THE REQUIREMENTS OF THIS SECTION, FOR APPLICATIONS SUBMITTED PURSUANT TO CONNECTICUT GENERAL STATUTES 20-281D(D)(2), WHERE THE APPLICANT CLAIMS TO HAVE FIVE YEARS OF EXPERIENCE IN THE PRACTICE OF PUBLIC ACCOUNTANCY NO EARLIER THAN THE TEN YEARS IMMEDIATELY PRECEDING THE APPLICANT'S APPLICATION, SUCH EXPERIENCE SHALL BE VERIFIED BY A PERSON ACTING IN ONE OF THE FOLLOWING CAPACITIES IN RELATION TO THE APPLICANT :**

**(A) AS A SUPERVISING CERTIFIED PUBLIC ACCOUNTANT HOLDING A VALID CERTIFIED PUBLIC ACCOUNTANT CERTIFICATE FOR NO LESS THAN THREE YEARS PRIOR TO THE VERIFICATION OF SUCH EXPERIENCE;**

**(B) AS A PARTNER A PARTNER, PRINCIPLE, OR SHAREHOLDER, OR OTHER INDIVIDUAL WHO PERFORMED AT THE SAME SUPERVISORY LEVEL WHILE WORKING WITH THE APPLICANT IN THE SAME FIRM, HOLDING A VALID CERTIFIED PUBLIC ACCOUNTANT CERTIFICATE FOR NO LESS THAN THREE YEARS PRIOR TO THE VERIFICATION OF SUCH EXPERIENCE; OR**

**(C) WHERE (A) AND (B) CANNOT BE SATISFIED, AS IN THE CASE OF A SOLO PRACTICIONER, BY LETTERS FROM NO FEWER THAN THREE (3) CLIENTS, DETAILING THE APPLICANT'S PRACTICE OF PUBLIC ACCOUNTANCY FOR FIVE YEARS TO THE SATISFACTION OF THE BOARD.**

**(3)** The Board may require an interview of an applicant and an inspection of working papers, reports and other documentation relating to the applicant's claimed experience. Such inspection may, at the option of the Board, be conducted at the Board's office or at such other location as the Board may designate, in which case any person having custody of such documentation shall produce it upon request of the Board. All verifications relative to experience shall be made under penalty of perjury.

**(d) Computation of time.** In computing experience for the purpose of this section, [the Board shall consider thirty-five (35) hours per week as full-time employment. If an applicant worked in excess of thirty-five (35) hours in any one week, he or she shall receive a maximum of one week's full-time employment credit. The Board may accept part-time employment in satisfaction of the experience requirement, provided no credit shall be given for part-time employment for any week in which the applicant has worked for less than twenty (20) hours. The Board shall convert all part-time employment claimed for credit into full-time employment equivalents on the basis of a thirty-five (35) hour week.] **ONE YEAR OF EXPERIENCE SHALL CONSIST OF NO FEWER THAN 2000 HOURS.**

**(e) Qualifying experience.**

The applicant shall demonstrate to the satisfaction of the Board that he or she has experience consisting of having provided services or advice involving the use of accounting, attest, management advisory, tax or consulting skills all of which was supervised by **THE HOLDER OF** a [licensed] **VALID** certified public accountant **CERTIFICATE** [or public accountant ] unless otherwise specified. Such experience shall be obtained in **ANY** of the following categories, or any combination thereof:

(1) Public Practice: Experience may be gained through employment as a staff accountant of a firm of certified public accountants where such experience is of a non-routine accounting nature, such that it requires independent thought and judgment on accounting matters. The work shall have involved application of appropriate technical and behavioral standards such as the standards contained in the Code of Professional Conduct, Generally Accepted Accounting Principles (GAAP), including International Financial Reporting Standards promulgated by the International Accounting Standards Board; Generally Accepted Auditing Standards (GAAS), including those auditing standards promulgated by the Public Company Accounting Oversight Board (PCAOB); Statements on Standards for Attestation Engagements (SSAE); Statements on Standards for Accounting and Review Services (SSARS); the Statement on Standards for Tax Services (SSTA) or the Statements on Standards for Management Consulting Services (SSMCS), collectively known as “the Professional Standards”, as defined by the American Institute of Certified Public Accountants (AICPA).

Examples of work qualifying under this subsection include, but are not limited to:

- (A) review and evaluation of internal control policies and procedures;
- (B) testing of compliance with internal control policies and procedures;
- (C) preparation of working papers or electronic documentation in connection with elements of work accomplished;
- (D) planning, revision or updating of audit programs to be followed;
- (E) drafting or reviewing memoranda, conclusions, notes;
- (F) preparation or analysis of financial statements or reports.
- (G) performance of procedures for the verification of the following kinds of accounts: accounts receivable; inventory accounts, including valuation and physical verification; bank accounts; investment accounts; fixed asset accounts, including depreciation; intangible assets; accounts payable, accrued liabilities; reserves, in accordance with specific industry requirements; unrecorded liabilities; and appropriate analytical review of revenues and expenses
- (H) review and preparation of tax provisions and reserves including research for determination of tax provision and related tax reserves, research for determination of taxable earnings and profits, reconciliation of books to tax return adjustments, review of tax returns to determine adequacy of income tax reserves, analysis of tax positions taken in making judgments affecting tax provisions and reserves;
- (I) preparation of financial statements from accounting records without audit and the preparation of related tax returns; performance of other related services requiring a knowledge of generally accepted accounting principles (GAAP); tax related activities; review of financial projections; accountings for estates and fiduciaries;
- (J) preparation of books of original entry, preparation of payrolls, checks, payroll tax reports, sales and similar tax returns, posting to subsidiary ledgers; or
- (K) design and installation of accounting, cost or other systems when not related to an extension of auditing assignments; other management advisory services.

(2) Government Practice: Experience may be gained through employment with accounting agencies or within federal, state or municipal government where such experience is of a non-routine accounting nature, such that it requires independent thought and judgment on accounting matters. The applicant shall obtain experience in assessing the adequacy of the agency’s internal controls by developing an understanding of the accounting agency transaction processes and information systems. Such experience includes obtaining an understanding of the areas or industries with which the applicant’s agency operates, including

the operations of similar service providers. The Board will review on a case-by-case basis, experience that does not clearly match the following categories of government employment:

- (a) Employment in state government as an accountant or an auditor;
- (b) Employment in federal government as an accountant or auditor at a GS-7 level or higher;
- (c) Employment as a special agent in accounting with the Federal Bureau of Investigations;
- (d) Military service as an accountant or auditor; and
- (e) Employment with other government entities, including, but not limited to, municipalities, as an accountant or auditor.

(3) **Industry:** Experience may be gained in industry where such experience is of a non-routine accounting nature such that it continually requires independent thought and judgment on accounting matters. The applicant shall obtain experience in ANY OF THE FOLLOWING AREAS: [in] (A) assessing the adequacy of the employer's internal controls by developing an understanding of the employer's transaction processes and information systems[.] [The applicant shall also obtain experience in] (B) tax return preparation and research[.] (C) preparation and analysis of financial statements[.] (D) cost accounting, budgeting[, and] OR (E) the application of accounting principles. Such experience includes obtaining an understanding of the industry in which the applicant's employer operates, including the employer's competition and key competitiveness factors that affect the industry. Professional services performed under this category include any service offered in the course of practicing public accountancy, as defined in Section 20-279b of the Connecticut General Statutes, even though such services are not offered to the public.

**(f) Content of experience:** In order to be granted an initial certificate, the applicant shall demonstrate that the experience gained in the categories specified in this section included:

- (1) Understanding of the Code of Conduct promulgated and adopted by the Board;
- (2) The ability to assess the achievement of an entity's objectives by demonstrating knowledge of various business organizations, understanding of the goals and objectives of various business entities, the ability to develop and analyze factors, and understanding of the economic and regulatory trends that affect an entity's environment;
- (3) Experience in preparing documentation that includes sufficient relevant data to support the analysis and conclusions required and reflected in the applicant's work;
- (4) Experience in preparation and analysis of financial statements together with explanations and notes thereon; and
- (5) Understanding transaction processes and information systems, including the ability to understand how individual transactions aggregate at the organizational level, to infer how transactions effect the organization as a whole, and to evaluate the integrity and reliability of various client information systems, including relevant computer aspects.

**(g) Non conforming experience: petitioning the Board**

An applicant who wishes to submit experience to support his or her application for an initial certified public accountant certificate, which does not match the scope and breadth set forth above, including, but not limited to, experience gained as an instructor at a college or university, shall bear the burden of proof to demonstrate that the experience submitted is of sufficient quality and diversity to fulfill the requirements in subsection (e) of this section.

**(h) Evidence of applicant's experience**

- (1) Any licensee who has been requested by an applicant to submit to the Board evidence of the applicant's experience and has refused to do so shall, upon the request of the Board, explain in writing or in person the basis for such refusal.
- (2) Any licensee who has furnished evidence of an applicant's experience to the Board shall, upon request by the Board, document the information in writing, by exhibit, in person, or by a combination thereof.
- (3) Any applicant may be required to appear before the Board or its representative(s) to respond to questions or to supplement or verify evidence of experience in writing, by exhibit, in person or by a combination thereof.
- (4) The Board may require inspection of any and all documentation relating to an applicant's claimed experience including, but not limited to, any underlying tax returns, financial statements, work papers or other documentation. The inspections may be made at the Board offices or, at Board option, at any other locations that the Board may designate. A licensee in custody of the requested documentation shall produce such documentation upon request. All documents made available to the Board pursuant to this section, shall remain protected by all applicable confidentiality and privileges.

**(i) Additional ongoing experience requirements for licensees who perform or supervise attest or compilation services and who sign or authorize another to sign reports on financial statements.**

Any individual [licensee] CERTIFIED PUBLIC ACCOUNTANT LICENSE HOLDER who performs [or is responsible for supervising attest or compilation services] or who signs [or authorizes another person to sign reports] on financial statements on behalf of the firm shall meet the following additional requirements:

- (1) [Certified public accountant license. The individual shall hold a current valid license to practice public accountancy, in good standing, issued by the Connecticut State Board of Accountancy or by a State Board of Accountancy located in jurisdiction designated by the National Association of the State Boards of Accountancy as substantially equivalent.]
- (2) Competency. The individual shall meet the competency requirements set forth in the Statements on Quality Control Standards contained in the Professional Standards issued by the AICPA; and
- [(3)] Continuing professional education. The individual shall earn 16 hours of the 40 hours of continuing professional education, required pursuant to section 20-280-25 (a) of the regulations of Connecticut State Agencies, in the subject area of attest or compilation services.